

MINUTES

KANSAS BUSINESS HEALTH POLICY COMMITTEE

**February 13, 2004
Kansas Statehouse
Topeka, Kansas**

MEMBERS PRESENT:

Bill Riley, Chairman, Manhattan
State Representative Willa DeCastro, Wichita
State Representative Sue Storm, Shawnee Mission
Jenifer Telshaw, Kansas Social and Rehabilitation Services
Barbara Torkelson, Kansas Insurance Department
William Kostar, Chairman, Kansas Health Partners Benefit Association
David Hornick, KHPBA Insurance Advisor

MEMBERS ABSENT:

State Senator Henry Helgersen, Wichita
Lt. Gov. John Moore
Pat Kaufman, Shawnee Mission
John Naramore, Lawrence
State Senator Ruth Teichman, Stafford

OTHERS PRESENT:

Jay Rogers, Kansas Insurance Department
Bruce Cornett, U.S. Department of Labor
Ken Daniel, Kansas Health Partners Benefit Association
David Patzman, Johnson County Health Department
Bob Day, Director, Governor's Office of Health Planning and Finance
Karen Braman, Deputy Director, Governor's Office of Health Planning and Finance
Adam Obley, Fellow, Governor's Office
Wendy Gray, Administrative Assistant, Governor's Office of Health Planning and Finance

Kansas Business Health Policy Committee
February 13, 2004
Morning Session

The Kansas Business Health Policy Committee meeting was called to order by the Chairman, Bill Riley, at 10:15 a.m. in Room 527-S of the Kansas Statehouse, Topeka.

The Chairman welcomed members of the Committee followed by introduction of Committee members and guests.

Robert Day, Director, Governor's Office of Health Planning and Finance, briefed the Committee on the role of the Governor's Office of Health Planning and Finance. In October the Governor, through Executive Order, created the Office of Health Planning and Finance (HPF). It is grant funded so at this time it has a limited life. There are at least six agencies across the state involved in health purchasing and a lot of that is uncoordinated; part of HPF's goal is to coordinate those activities and use the State's buying power and incorporate value-based purchasing. On the policy side what HPF is focusing on moving forward with the Governor's agenda and working to improve the health status of Kansans by assuring better access to healthcare and assure that healthcare remains affordable to Kansans. One of the first priorities is the stability of the small group market and the ability of small businesses with low wage employees to provide health coverage. The HRSA grant from 2001 indicated that in at least 80-85% of households of the uninsured someone in the home is employed. Most of those people are employed by small business and are low-wage (under 200% of Federal poverty level). The Governor has worked with the Commissioner and has seen this as a vehicle to help small businesses assure that they can get insurance at affordable rates.

William Kostar, Chairman, Kansas Health Partners Benefit Association, briefed the Committee on the Kansas Health Partners Benefit Association (KHPBA). KHPBA was created by the Health Partnership Act which anticipated using Medicaid monies potentially as a subsidy for insurance premiums for private insurance. The KHPBA analyzed data and got specific, practical information from the field/insurance industry. They learned that with the specific demographic they were targeting, lower income employees of small business, a subsidy of around \$400 per person per month would be needed. With that approach, the 250,000 uninsured Kansans we're talking about rather substantial sums of money. That was not on the horizon looking at both the situations in the State of Kansas and with the Federal Government. The approach the Partnership tried to take was that even though they may not be able to fix everything they should at least try to fix something. One approach has been to look at programs currently in place to see if they could enhance 1) awareness and 2) the efficacy with which those programs were administered. The second approach has been to look at a non-traditional lower benefit, lower premium insurance.

David Hornick, KHPBA Insurance Advisor, briefed the Committee on the Cost Saver Product. Mr. Hornick provided the Committee with a real life example of a nursing home in a rural community. The document he provided is a renewal tendered by the insurance company to the nursing home with a 3/1/03 effective date. KHPBA has presented a Cost Saver Proposal to this nursing home, which is a substantial reduction in health insurance benefits from the plan they currently have which is a comprehensive major medical plan. The nursing home is working with another broker and trying to procure an alternate comprehensive major medical plan and if they are unsuccessful they aren't sure what they are going to do. The fourth page of the handout is Horizons Cost Saver Health Plan, a health plan in effect as of October 1, 2003. Wichita Preferred Provider Association (WPPA) is the managed care network that Cost Saver is using. Since this employer did not offer a health plan prior to the Horizons Cost Saver plan he was eligible for the Tax Credit (statute K.S.A. 40-2240). The result is 12 people who did not previously have health insurance coverage are now covered. As of February 12, 2004 KHPBA has a total of 34 Kansas companies with an average of 6 employees per case that have taken advantage of the Cost Saver Health Program. KHPBA began selling this product the first of May last year (9 months ago). They are averaging about 1 sold case per week. Mr. Hornick conducted, in conjunction with the Kansas Association of Insurance Agents, a series of seminars around the state educating agents about the Cost Saver Plan.

William Kostar, KHPBA, briefed the Committee on their 2004 budget. Mr. Kostar presented the Committee with a Summary of 2004 Goals, Objectives, and Operating Budget. KHPBA had a Robert Wood Johnson grant and a Sunflower grant totaling approximately \$200,000. Almost all of the money they have spent either with insurance agents and brokers getting the Cost Saver Product to the field or people who have helped them with Medicaid expertise and other types of healthcare planning expertise, and community awareness. Mr. Kostar feels they have done a reasonable job getting this product out to people, spending only slightly more than \$200,000 in 2 _ years. KHPBA needs money to continue to develop expertise on the insurance side and what is going on in other states. They also need to have financing to expand their network of insurance agent brokers, and to keep up their communications effort. KHPBA feels that in the next month or so they would like to go to foundations and present a document similar to the Summary that was presented to the Committee with planning for 2004 and they would appreciate any support the Policy Committee could give them; either letters at the appropriate time or visits and telephone calls.

Robert Day briefed the Committee on the Governor's Office of Health Planning and Finance Proposal. The Governor is very concerned about the small business market for health care coverage for low-wage workers. She sees that as one of the significant thrusts of her initiatives around healthcare, to try to shore up that market. It is HPF's intent to put forward a piece of legislation that would generate some revenues that a portion of which would be used to subsidize the Product. At this point, HPF anticipates between \$3 and \$4 million or by HPF's estimation that would be about _ year's worth of premium subsidies. In addition to that, HPF has proposed, and it has been introduced, some changes in the existing law or statute surrounding the BHP and copies were passed out to the Committee. The intent is to 1) strengthen oversight responsibilities of the Policy Committee because as we put public funds in, this changes the dynamic and 2) to mirror some language that HPF took out of Maine with the intent that at some point we would be able to

use employer payments in a fashion that can help subsidize a potential federally subsidized product. When looking at the proposal all the changes have been underlined.

The next meeting of the Committee will be held at 12:00 p.m. on March 5th in Room 108 of Landon State Office Building. Lunch will be provided.

The meeting was adjourned at 12:15 p.m.